

Arms Sales Help U.S., House Is Told Secretly

By Michael L. Posner
United Press International

The Johnson Administration has defended U.S. arms sales abroad by maintaining they have boosted American industrial profits, employment and Treasury revenues, it was learned yesterday.

The claim was made last Monday when the House Banking Committee questioned Paul H. Nitze, newly appointed Deputy Defense Secretary; Eugene V. Rostow, Under Secretary of State for Political Affairs, and other Administration officials in closed session.

They were asked about the fact that the Export-Import Bank secretly took part in financing the sale of \$1.5 billion in arms during the past two years.

The State Department later released Rostow's testimony, but the Pentagon withheld Nitze's.

But UPI learned that Rep. William B. Widnall, (N.J.) senior Republican on the Committee, was referring to Nitze when he said in a statement:

"Another Administration witness whose testimony has not yet been released justified these arms sales before our Committee by stressing benefits to American labor in employment figures, American industry in substantial profits, and cash receipts from \$8.1 billion in sales over the past five years."

Concealment Charged

Widnall criticized the Administration for releasing one witness' testimony while holding back the other's.

"This is yet another example of the Administration's divulging that which it wants to disclose while concealing the far more revealing facts and figures developed at last Monday's hearing," he said.

Widnall said that of the \$8.1 billion total, the Export-Import Bank loaned \$1.5 billion to the Defense Department for loans to countries to purchase U.S. weapons. Some of them were underdeveloped coun-

In the first six months of

this year, he said, \$750 million in arms shipments were underwritten by the Bank. Yet the Bank has asked Congress for an additional \$4.5 billion in lending authority, he noted.

"If arms credits did not enter into the Bank's calculations for additional lending authority, the Bank's management was negligent," he said.

'Disturbing Manner'

"Certainly I don't suggest that the United States unilaterally remove itself from international arms sales. 'What is so disturbing, however, is the manner in which so much of it has been undertaken during the past few years,' Widnall said.

As a result of the Banking Committee investigation, a bill that would extend the life of the Export-Import Bank for five years, starting next July 1, and expanding its lending authority has been held back from House floor action.

Meantime, Administration officials have acknowledged that the United States has under preliminary consideration a resumption of arms sales to Israel and to "moderate" Arab nations.

Also being considered is the possibility of unilateral disclosure of arms shipments to the Middle East, even should the Soviets refuse to make known the aid they are providing in the area. This presumably would be aimed at meeting congressional criticism.